

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1732 - SB 1965**

March 27, 2009

**SUMMARY OF BILL:** Requires the Bureau of TennCare to reimburse pharmacies for products and services for TennCare crossover claims of full benefit dual eligibles at 100 percent of the Medicare program's allowable charge for participating providers.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$44,900**

**Increase Federal Expenditures - \$128,800**

**Assumptions:**

- According to the Bureau of TennCare, Medicare reimburses providers of covered pharmacy services at approximately 80 percent of a Medicare allowed rate.
- TennCare supplemented the Medicare payment by paying the approximately 20 percent difference through FY07-08. FY08-09 is the first year that TennCare has not supplemented the difference.
- TennCare will incur a significant increase in expenditures to return to paying the 20 percent differential.
- In FY07-08, actual expenditures for these services were \$835,000. Of this amount, Medicare covered \$668,000 and TennCare covered \$167,000.
- It is estimated that costs for FY09-10 will grow by four percent from FY07-08, resulting in an increase in total costs of \$868,400 (\$835,000 x 1.04).
- Of the \$868,400, Medicare will cover 80 percent, or \$694,720, and TennCare will cover the remaining 20 percent, or \$173,680.
- Of the \$173,680, \$44,917 will be state funds at a rate of 25.862 percent and \$128,763 will be federal funds at a match rate of 74.138 percent.

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**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/kml